

Message Text

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SUBJ: ECONOMIC FORECASTING

REF: A) STATE 95313; B) PARIS 11301; C) PARIS 20657;

D) PARIS 19746; E) PARIS 10475; F) PARIS 16062

IN RESPONSE REF A, FOLLOWING ARE CURRENT FIGURES AND
EMBASSY FORECASTS FOR SEASONALLY ADJUSTED INDEX OF
INDUSTRIAL PRODUCTION IN FRANCE (BASE 1970).

AVERAGE 1973 120

1974: FIRST QUARTER 124

SECOND QUARTER 124

THIRD QUARTER 125

FOURTH QUARTER 118

AVERAGE FOR YEAR 122

1975: FIRST QUARTER 114

SECOND QUARTER 111

THIRD QUARTER 112

FOURTH QUARTER 114

AVERAGE FOR YEAR 113

1976: FIRST QUARTER 116

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SECOND QUARTER 119

THIRD QUARTER	123
FOURTH QUARTER	127
AVERAGE FOR YEAR	121

NOTES:

A. FIGURES FOR PREVIOUS PERFORMANCE HAVE BEEN CORRECTED IN ACCORDANCE WITH LATEST OFFICIAL QUARTERLY AND YEARLY INDUSTRIAL FIGURES, NOW AVAILABLE THROUGH 1974. FIGURES FOR FIRST HALF 1975 ARE DERIVED FROM LESS COMPREHENSIVE MONTHLY FIGURES, AVAILABLE THROUGH JUNE. SECOND QUARTER FIGURE IS BASED ON APRIL-MAY-JUNE FIGURES OF 112, 109, 112, RESPECTIVELY.

B. PREDICTIONS FOR REMAINDER OF 1975 AND 1976 HAVE BEEN REVISED DOWNWARDS CONSIDERABLY FROM REF B IN LIGHT OF BOTH PERFORMANCE TO DATE AND MOST RECENT PROJECTIONS FOR FRENCH ECONOMY IN REMAINDER OF 1975 AND 1976 (SEE REF F, FOR EXAMPLE). FOLLOWING POINTS MAY BE MADE:

(1975) JULY BUSINESS SURVEYS (REF C), USUAL JULY-AUGUST SLOWDOWN, AND FACT NEW GOVERNMENT MEASURES WILL NOT EVEN BE VOTED UNTIL MID-SEPTEMBER (REF D) OFFER LITTLE HOPE THAT INDUSTRIAL PRODUCTION IN THIRD QUARTER WILL RISE ABOVE JUNE INDEX OF 112. FIGURE FOR FOURTH QUARTER SHOWS INCREASE IN PRODUCTION ENSUING AS REDUCTION OF STOCKS IS TERMINATED, WITH SOME POSSIBLE YEAR-END BOOST COMING FROM APRIL INVESTMENT MEASURES (REF E). EVEN IF ANOTHER POINT WERE ADDED TO FOURTH QUARTER INDEX, FIGURES WOULD SHOW AVERAGE PRODUCTION IN SECOND HALF 1975 ONLY ONE POINT ABOVE THAT OF FIRST HALF.

(1976) GIVEN GENERALLY SLOW RECOVERY NOW WIDELY EXPECTED IN MOST INDUSTRIAL COUNTRIES AND ANTICIPATION THAT NEW MEASURES TO BE ANNOUNCED IN SEPTEMBER WILL: (A) BE STILL RELATIVELY SMALL AS PERCENTAGE OF GNP AND (B) PROBABLY NOT TAKE EFFECT IMMEDIATELY ON BEGINNING OF CALENDAR/FISCAL YEAR 1976, FIRST QUARTER WILL SHOW NO MORE THAN CONTINUATION OF "TECHNICAL" REVIVAL, ON LEVEL UNCLASSIFIED

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LITTLE HIGHER THAN FIRST QUARTER 1975. REMAINDER OF YEAR IS BASED ON ASSUMPTION OF DEVELOPING MOMENTUM, WITH "QUALITY" EMPHASIS GIVEN BY PRESIDENT GISCARD D'ESTAING (REF D) IMPLYING GROWTH RATES LOWER THAN FRANCE HAS KNOWN IN PREVIOUS BOOM. SECOND HALF OF 1976 WILL THEREFORE SEE INDUSTRIAL PRODUCTION ON AVERAGE LEVEL ABOUT EQUAL TO BEST MONTHS OF 1974, BEFORE SLUMP BEGAN.

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